

Message Text

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ACTION EUR-12

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NSAE-00 SIL-01 OPIC-03 SP-02 USIA-06 AID-05 NSC-05

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FM AMEMBASSY OSLO

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INFO AMCONSUL HAMILTON

C O N F I D E N T I A L OSLO 1663

E.O. 11652: GDS

TAGS: EINV, BGEN, ELAB, NO, PO

SUBJECT: TIMEX DISPUTE: NORWEGIAN ACTIONS

REF: (A) LISBON 2070 (B) LISBON 2106 (C) OSLO 1293

1. E/C COUNSELOR DISCUSSED ON APRIL 1 TIMEX DISPUTE WITH TORE BOEGH, DIRECTOR GENERAL FOR ECONOMIC AFFAIRS AT THE NORWEGIAN FOREIGN MINISTRY. EMBASSY REVIEWED SITUATION WITH BOEGH, CALLED ATTENTION TO APRIL 9 DEADLINE FOR DECISION ON CLOSING PLANT ON JUNE 30, STRESSED POSSIBLE UNFORTUNATE CONSEQUENCES OF SITUATION, ESPECIALLY BEFORE ELECTIONS, AND URGED THAT GON DO EVERYTHING PRACTICABLE TO HELP WITH AMICABLE SOLUTION OF PROBLEM.

2. BOEGH SAID NORWAY COMPLETELY SHARED U.S. CONCERN ABOUT TENSE SITUATION. HE RECOUNTED NORWEGIAN EFFORTS TO AVERT SERIOUS LABOR PROBLEMS, ESPECIALLY BEFORE UPCOMING PORTUGUESE ELECTION. HE SPECIFICALLY MENTIONED HIS MARCH 12 CONVERSATION WITH FRED OLSEN (OSLO 1293) WHERE OLSEN MENTIONED TIMEX'S LOSS OF MARKETS, LACK OF PRODUCTION IN 1974, AND CHANGE TO ADVANCED ELECTRONIC
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WATCHES AS PLACING EXTREME ECONOMIC STRAIN ON TIMEX PORTUGUESE

FACILITY. OLSEN MAINTAINED, HOWEVER, THAT TIMEX PORTUGAL HAS TAKEN AND IS TAKING INTO ACCOUNT DELICATE POLITICAL SITUATION IN PORTUGAL. BOEGH STATED THAT NORWEGIAN CONCERN HAD ALSO BEEN EXPRESSED BY TRADE UNION FEDERATION (LO) DELEGATION, NORWEGIAN EMBASSY , AS WELL AS PRIME MINISTER NORDLI DURING RECENT TRIP TO SCIOALIST CONFERENCE.

3. BOEGH DID NOT BELIEVE THAT NORWEAY COULD DO MUCH MORE AT PRESENT TIME. IN ANY CASE, ACCORDING TO BOEGH, OLSEN, ALTHOUGH AMAJORITY STOCKHOLDER, MUST CONSULT OTHER STOCKHOLDERS. BOEGH RULED OUT ANY FINANCIAL ASSISTANCE TO FRED OLSEN FROM GOVERNMENT, AND STATED THAT ASSISTANCE TO DOMESTIC SHIPPING SECTOR (AKER GROUP) IS NOT ANALOGOUS TO TIMEX SITUATION.

4. LEIF EDWARDSSEN, DEPUTY DIRECTOR FOR POLITICAL AFFAIRS AT THE FOREIGN MINISTRY, LEFT FOR PORTUGAL APRIL 1 TO ASSUME RESPONSIBILITY AS ACTING AMBASSADOR. NORWEGIAN EMBASSY CAN BE EXPECTED TO TAKE ON HIGHER PROFILE WITH HIS ARRIVAL. BOEGH EXPECTS EDWARDSSEN TO CONTACT AMBASSADOR SHORTLY AFTER ARRIVAL.

WE RECOMMEND EMBASSY LISBON CONTACT EDWARDSSEN RIGHT AWAY TO UPDATE HIM ON DEVELOPMENTS AND ENCOURAGE HIM TO ACT ON ISSUE.

5. ACCORDING TO BOEGH, NORWAY HAS NOT BEEN OFFICIALLY CONTACTED BY PORTUGAL ON TIMEX MATTER.

6. EMBASSY ALSO CALLED IMMEDIATE GRAVITY OF TIMEX SITUATION TO ATTENTION OF NORWEGIAN TRADE UNION FEDERATION (LO) PRESIDENT TOR ASPENGREN ON MARCH 31. ASPENGREN SAID HE HAD COMMUNICATED MARCH 29 WITH FOREIGN MINISTER KNUT FRYDENLUND, INDUSTRY MINISTER BJARTMAR GJERDE AND LABOR PARTY CHAIRMAN RIULD STEEN, URGING THAT THEY BRING TO FRED OLSEN'S ATTENTION NEED TO AVOID WORKER DISMISSALS THAT COULD EXACERBATE PORTUGUESE POLITICAL SITUATION.

7. REFLECTING ASPENGREN'S APPEAL, APRIL 1 ISSUE OF OSLO
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LABOR DAILY ARBEIDERBLADET REPORTED THAT FRED OLSEN WAS THREATENING TO CLOSE TIMEX FACTORY IN PORTUGAL, LEAVING 1,900 WORKERS UNEMPLOYED. ARTICLE GAVE BACKGROUND ON TIMEX SITUATION, AS WELL AS PORTUGUAL'S DIFFICULTIES WITH ECONOMIC SITUATION, UNEMPLOYMENT AND SIMILAR DIFFICULTIES WITH OTHER MULTINATIONALS. PARTY CHAIRMAN STEEN COMMENTED IN ARTICLE THAT WHEN UNEMPLOYMENT IS CENTRAL PROBLEM FOR PORTUGUESE DEMOCRACY, TIMEX CLOSING COULD HAVE SERIOUS

EFFECTS AND COUNTERACT NORWEGIAN GOVERNMENT ASSISTANCE EFFORTS FOR PORTUGAL. HE CALLED THIS AN EXAMPLE OF AUTHORITIES' HELPLESSNESS AGAINST MULTINATIONALS, BUT HOPED THAT AN APPEAL TO NORWEGIAN OWNER-INTERESTS TO DO EVERYTHING POSSIBLE TO KEEP THE COMPANY GOING WOULD HELP. STEEN ALSO CALLED ON NORWEGIAN GOVERNMENT TO DO EVERYTHING POSSIBLE TO SEE THAT JOBS WERE SAVED AT TIMEX PORTUGAL.

9. ARTICLE WAS FIRST TIME FRED OLSEN HAS BEEN PROMINENTLY AND PUBLICLY SINGLED OUT IN NORWAY AS PERSON RESPONSIBLE FOR WHETHER OR NOT PORTUGUESE ECONOMIC SITUATION WILL BE AGGRAVATED. ARTICLE INCLUDED INTERVIEW WITH OLSEN, WHO EXPLAINED THAT QUESTION REALLY WAS REDUCTION TO THREE-DAY WEEK. IF COMPANY SHUT DOWN, HE ADDED, IT WOULD ONLY BE TEMPORARILY, UNTIL MARKET PICKED UP AGAIN. HE EXPLAINED DIFFICULTIES WITH PRODUCTIVITY RESULTING FROM REVOLUTIONARY DISRUPTION BUT STATED WORKERS ARE NOW SUPPORTING TIMEX RECOMMENDATIONS FOR THREE-DAY WEEK. ARTICLE SAID, HOWEVER, THAT ITS REPORTS FROM LISBON INDICATE THAT WORKERS SUPPORTED GOVERNMENT PRESSURE ON TIMEX. OLSEN SAID HE THOUGHT PORTUGUESE LABOR MINISTRY WAS INTERESTED IN RESOLVING PROBLEM AND CONCLUDED THAT TIMEX HAS DONE WHAT IT CAN TO HELP PORTUGAL IN ITS DIFFICULT SITUATION, WHILE OTHER MULTINATIONALS HAVE CLOSED DOWN.

10. EMBASSY REVIEWED CONTENTS OF REF B WITH BOEGH ON APRIL 2. BOEGH SAID EDWARDSSEN WAS INSTRUCTED GIVE TIMEX SITUATION TOP PRIORITY AND WAS EXPECTED REPORT ON IT BY APRIL 5 OR 6.
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